

Michigan Office of Administrative Hearings and Rules

Administrative Rules Division (ARD)

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**REGULATORY IMPACT STATEMENT
and COST-BENEFIT ANALYSIS (RIS)**

Agency Information:

Department name:

Licensing and Regulatory Affairs

Bureau name:

Public Service Commission

Name of person filling out RIS:

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Rule Set Information:

ARD assigned rule set number:

2021-3 LR

Title of proposed rule set:

Consumer Standards and Billing Practices for Electric and Natural Gas Service

Comparison of Rule(s) to Federal/State/Association Standard

1. Compare the proposed rules to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist.

There are no federal rules or standards set by a state or national licensing agency or accreditation association that are similar to the proposed amendments and additions to the Consumer Standards and Billing Practices for Electric and Natural Gas Utilities.

A. Are these rules required by state law or federal mandate?

No, these rules are not required by state law or federal mandate.

B. If these rules exceed a federal standard, please identify the federal standard or citation, describe why it is necessary that the proposed rules exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

The proposed amendments and additions to the billing rules do not exceed a federal standard or citation.

2. Compare the proposed rules to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities.

The State of Ohio has similar billing rules in the Ohio Administrative Code, Chapter 4901:1-10. The State of Illinois has similar rules set forth in the 83 Illinois Administrative Code 280. The State of Wisconsin has similar rules set forth in its administrative code, Chapter PSC 113 and Chapter PSC 134.

A. If the rules exceed standards in those states, please explain why and specify the costs and benefits arising out of the deviation.

The proposed additions and amendments to the billing rules do not exceed the standards set in Ohio, Illinois, or Wisconsin.

3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rules.

No laws, rules, or any other legal requirements duplicate, overlap or conflict with the proposed amendments and additions to the billing rules.

A. Explain how the rules have been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

The proposed amendments and additions to the billing rules address consumer standards and billing practices for electric and natural gas service. The proposed amendments and additions incorporate rules from the Technical Standards for Electric Service (RFR 2021-77 LR) and Service Quality and Reliability Standards for Electric Distribution Systems (RFR 2021-76 LR) that the Commission considers more appropriately placed in the billing rules. Simultaneous rulemaking has been undertaken to ensure the rules being amended and/or added to the billing rules will be concurrently rescinded from the Technical Standards for Electrical Service and Service Quality and Reliability Standards for Electric Distribution Systems .

4. If MCL 24.232(8) applies and the proposed rules are more stringent than the applicable federally mandated standard, provide a statement of specific facts that establish the clear and convincing need to adopt the more stringent rules.

MCL 24.232(8) does not apply.

5. If MCL 24.232(9) applies and the proposed rules are more stringent than the applicable federal standard, provide either the Michigan statute that specifically authorizes the more stringent rules OR a statement of the specific facts that establish the clear and convincing need to adopt the more stringent rules.

MCL 24.232(9) does not apply.

Purpose and Objectives of the Rule(s)

6. Identify the behavior and frequency of behavior that the proposed rules are designed to alter.

The proposed amendments and additions to the billing rules are intended to promote safe and adequate service to the public and to provide standards for uniform and reasonable practices by electric and natural gas utilities regulated by the Commission.

A. Estimate the change in the frequency of the targeted behavior expected from the proposed rules.

Electric and natural gas utilities under the Commission's jurisdiction and utility customers in the state of Michigan access the billing rules daily. The proposed amendments and additions will make that process more efficient and informative.

B. Describe the difference between current behavior/practice and desired behavior/practice.

The difference between current behavior/practices and desired behavior/practices is that, after the proposed amendments and additions, electric and natural gas utilities under the jurisdiction of the Commission and utility customers in the state of Michigan will be better able to access information regarding their respective rights and responsibilities related to consumer rules and billing standards in a more efficient manner and the rules will be more informative because the rules pertinent to consumer standards and billing practices will be consolidated to one ruleset, rather than 3 rulesets. The rules formalize electric and natural gas utilities' expected response to inquiries from utility customers.

C. What is the desired outcome?

The desired outcome will be that the proposed additions and amendments to the billing rules will enhance the promotion of safe and adequate service to the public and the provision of standards for uniform and reasonable practices by electric and natural gas utilities regulated by the Commission in dealing with residential and nonresidential customers.

7. Identify the harm resulting from the behavior that the proposed rules are designed to alter and the likelihood that the harm will occur in the absence of the rule.

The harm the proposed additions and amendments to the billing rules are intended to address is the prevention of customers' service from being shut off without proper notice or being billed for power that they did not consume due to incorrect meter registration and other related billing issues, and to prevent utility customers from being ill-informed of their rights and responsibilities or being unable to easily access information about their right to a hearing and the procedures to request a hearing.

A. What is the rationale for changing the rules instead of leaving them as currently written?

The proposed amendments and additions to the billing rules add clarity to the current rules.

8. Describe how the proposed rules protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

The rules protect the health, safety, and welfare of Michigan's citizens by prohibiting utilities from shutting off customers' service without proper notice or billing/failing to refund charges for power that customers did not consume due to incorrect meter registration or other issues, and by ensuring that customers are able to access information about their right to a hearing and the procedures to request a hearing so that any prohibited behavior by a utility may be appropriately addressed by the Commission. The proposed changes are intended to be clear, concise, well-organized, and written in plain English without legalese so that electric and natural gas utilities regulated by the Commission and utility customers may easily access and understand the desired information.

9. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.

None of the proposed amendments or additions to billing rules are obsolete or unnecessary.

Fiscal Impact on the Agency

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, higher contract costs, programming costs, changes in reimbursements rates, etc. over and above what is currently expended for that function. It does not include more intangible costs for benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

10. Please provide the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings for the agency promulgating the rule).

There are no additional costs or savings related to the proposed billing rule amendments and additions.

11. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rules.

No agency funding source is required because the proposed amendments and additions to the billing rules will not require any additional funding.

12. Describe how the proposed rules are necessary and suitable to accomplish their purpose, in relationship to the burden(s) the rules place on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts.

The proposed additions and amendments to the billing rules do not add any burden to individuals; the changes are intended to ease difficulties in researching and understanding the rules by clarifying their meaning, consolidating related rules in one ruleset, and formalizing the Commission's expectations regarding the manner in which electric and natural gas utilities under the Commission's jurisdiction respond to customer calls.

A. Despite the identified burden(s), identify how the requirements in the rules are still needed and reasonable compared to the burdens.

The proposed additions and amendments to the billing rules are intended to ease the burden of researching and interpreting consumer standards and billing practices. The proposed additions and amendments to the rules are reasonable and needed so that electric and natural gas utilities under the jurisdiction of the Commission and utility customers in the state of Michigan are able to easily access and understand their rights and responsibilities related to consumer standards and billing practices. The proposed changes clarify and consolidate rules in one ruleset, and formalize expectations for utility responses to customer inquiries. The proposed amendments and additions do not subject utilities or individual customers to any additional fiscal or administrative burdens or duplicative acts.

Impact on Other State or Local Governmental Units

13. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

No increase or decrease in revenues or costs are expected for any state or local governmental unit.

14. Discuss any program, service, duty, or responsibility imposed upon any city, county, town, village, or school district by the rules.

No program, service, duty, or responsibility is imposed on any city, county, town, village, or school district by the proposed additions and amendments to the billing rules.

A. Describe any actions that governmental units must take to be in compliance with the rules. This section should include items such as record keeping and reporting requirements or changing operational practices.

No additional actions are required by any governmental unit to be in compliance with the proposed additions and amendments to the billing rules.

15. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rules.

No additional funding source is required for any state or local governmental unit; accordingly, no appropriation is needed.

Rural Impact

16. In general, what impact will the rules have on rural areas?

The proposed amendments and additions to the billing rules will enhance rural utility customers' accessibility to and understanding of the rights and responsibilities of electric and natural gas utilities regulated by the Commission and utility customers.

A. Describe the types of public or private interests in rural areas that will be affected by the rules.

The proposed amendments and additions to the billing rules will enhance rural utility customers' accessibility to and understanding of the rights and responsibilities of electric and natural gas utilities and utility customers.

Environmental Impact

17. Do the proposed rules have any impact on the environment? If yes, please explain.

The proposed amendments and additions to the billing rules will have no impact on the environment.

Small Business Impact Statement

18. Describe whether and how the agency considered exempting small businesses from the proposed rules.

The Commission did not consider exempting small businesses from the proposed additions and amendments to the billing rules. The billing rules apply to all electric and natural gas utilities subject to the jurisdiction of the public service commission. Any utility may file an application for temporary waiver of specific rules. The Commission may grant the waiver if it is determined that the waiver will further the effective and efficient administration of the rules and is in the public interest.

19. If small businesses are not exempt, describe (a) the manner in which the agency reduced the economic impact of the proposed rules on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rules upon small businesses as described below (in accordance with MCL 24.240(1)(a-d)), or (b) the reasons such a reduction was not lawful or feasible.

The commission took no such action because the billing rules apply to all electric and natural gas utilities subject to the jurisdiction of the public service commission. All such utilities must ensure that they provide service in a manner that protects the health, safety, and welfare of their Michigan customers. Any utility may file an application for temporary waiver of specific rules. The Commission may grant the waiver if it is determined that the waiver will further the effective and efficient administration of the rules and is in the public interest.

A. Identify and estimate the number of small businesses affected by the proposed rules and the probable effect on small businesses.

There are no small businesses that are affected by the proposed additions and amendments to the billing rules.

B. Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rules after projecting the required reporting, record-keeping, and other administrative costs.

There are no differing compliance or reporting requirements or timetables for small businesses. Required reporting, record-keeping, and other administrative costs remain the same under the proposed amendments and additions to the billing rules as under the current rules.

C. Describe how the agency consolidated or simplified the compliance and reporting requirements for small businesses and identify the skills necessary to comply with the reporting requirements.

There are no consolidation or simplified compliance and reporting requirements for small businesses. The skills required for annual reporting requirements are record-keeping skills necessary to run an electric or natural gas utility. Reporting requirements and record keeping will not change under the proposed amendments and additions to the billing rules.

D. Describe how the agency established performance standards to replace design or operation standards required by the proposed rules.

The Commission considered its experiences with utility customer complaints and ensuing discussions with the involved utilities and customers, as well as with the Commission staff.

20. Identify any disproportionate impact the proposed rules may have on small businesses because of their size or geographic location.

The proposed amendments and additions to the billing rules are not expected to have any disproportionate impact on small businesses due to their size or geographic location.

21. Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rules.

There are no additional reports required under the proposed amendments or additions to the billing rules other than those already required in the current ruleset. Electric and natural gas utilities under the Commission's jurisdiction are currently required to provide service information annually.

22. Analyze the costs of compliance for all small businesses affected by the proposed rules, including costs of equipment, supplies, labor, and increased administrative costs.

There are no additional costs of any nature anticipated under the proposed amendments or additions to the billing rules.

23. Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rules.

Compliance with the proposed amendments and additions to the billing rules is not expected to require any additional legal, consulting, or accounting services.

24. Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.

There are no additional costs anticipated under the proposed additions or amendments to the billing rules and, accordingly, there are no costs to be absorbed.

25. Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.

There are no additional costs to the Commission anticipated under the proposed additions or amendments to the billing rules and, accordingly, there are no costs to be estimated.

26. Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.

The impact would be that the customers of any small electric or natural gas utilities under the Commission's jurisdiction would not be required to offer safe and adequate service to the public or be required to follow standards for uniform and reasonable practices when dealing with residential and nonresidential customers. Any utility may file an application for temporary waiver of specific rules. The Commission may grant the waiver if it is determined that the waiver will further the effective and efficient administration of the rules and is in the public interest.

27. Describe whether and how the agency has involved small businesses in the development of the proposed rules.

The Commission did not involve small businesses in the development of the proposed amendments and additions to the billing rules.

A. If small businesses were involved in the development of the rules, please identify the business(es).

No small businesses were involved in the development of the proposed amendments and additions to the billing rules.

Cost-Benefit Analysis of Rules (independent of statutory impact)

28. Estimate the actual statewide compliance costs of the rule amendments on businesses or groups.

There are no anticipated additional compliance costs under the proposed billing rule amendments and additions.

A. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rules.

Michigan utilities under the jurisdiction of the Commission and utility customers will directly benefit from the proposed amendments and additions to the billing rules. Electric and natural gas utilities under the Commission's jurisdiction will bear the cost of compliance; however, no additional costs of compliance are anticipated. Any utility may file an application for temporary waiver of specific rules. The Commission may grant the waiver if it is determined that the waiver will further the effective and efficient administration of the rules and is in the public interest.

B. What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Please identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

No additional costs will be imposed on businesses or other groups as a result of the proposed additions and amendments to the billing rules.

29. Estimate the actual statewide compliance costs of the proposed rules on individuals (regulated individuals or the public). Include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping.

No actual statewide compliance costs are anticipated as a result of the proposed additions and amendments to the billing rules.

A. How many and what category of individuals will be affected by the rules?

The individuals affected by the rules are hundreds of thousands of customers of electric and natural gas utilities that are regulated by the Commission.

B. What qualitative and quantitative impact do the proposed changes in rules have on these individuals?

The affected individuals will have clear, concise consumer standards and billing rules set forth in a single ruleset. The individuals will have easier access to information about their rights and responsibilities as utility customers, as well as the electric and natural gas utilities' rights and responsibilities related to consumer standards and billing practices.

30. Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rules.

There are no cost reductions anticipated for businesses, individuals, groups, groups of individuals, or governmental units as a result of the proposed amendments and additions to the billing rules.

31. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rules. Please provide both quantitative and qualitative information, as well as your assumptions.

The primary and direct benefits of the proposed additions and amendments to the billing rules are that electric and natural gas utilities regulated by the Commission and utility customers in Michigan will have clear, concise consumer standards and billing rules set forth in a single ruleset and will have easier access to information about their rights and responsibilities. The Commission's assumption is that the proposed additions and changes will enhance both utilities' and customers' ease of access and understanding of the rules which are accessed on a daily basis by both utilities and utility customers.

32. Explain how the proposed rules will impact business growth and job creation (or elimination) in Michigan.

The proposed additions and amendments to the billing rules are not anticipated to have any impact on business growth and job creation or elimination in Michigan.

33. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

The proposed additions and amendments to the billing rules are not anticipated to have any disproportionate effect on any individual or business as a result of their industrial sector, segment of the public, business size, or geographic location. Any utility may file an application for temporary waiver of specific rules. The Commission may grant the waiver if it is determined that the waiver will further the effective and efficient administration of the rules and is in the public interest.

34. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of the proposed rules and a cost-benefit analysis of the proposed rules.

The Commission relied on information provided by its Staff in compiling the RIS. Because the proposed amendments and additions to the billing rules are intended to provide clarification of current rules and consolidation of related rules into one ruleset, as well as formalize the Commission's expectations for utilities in responding to customer inquiries, no cost/benefit analysis was conducted. Discussions were confined to which ruleset was most appropriate for the amended and added rules.

A. How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., that demonstrate a need for the proposed rules.

No estimates were made related to the billing rules amendments and additions. Discussion with the Commission Staff and observations by the Customer Assistance Division of the Commission informed the need for the proposed changes and additions.

Alternative to Regulation

35. Identify any reasonable alternatives to the proposed rules that would achieve the same or similar goals.

There are no reasonable alternatives to the proposed additions and amendments to the billing rules that would achieve the same or similar goals.

A. Please include any statutory amendments that may be necessary to achieve such alternatives.

There are no reasonable alternatives to the proposed amendments and additions to the billing rules, accordingly, no statutory amendments are necessary.

36. Discuss the feasibility of establishing a regulatory program similar to that proposed in the rules that would operate through private market-based mechanisms. Please include a discussion of private market-based systems utilized by other states.

The proposed additions and amendments to the billing rules cannot feasibly operate through private market-based mechanisms because they address the rights and responsibilities of electric and natural gas utilities under the Commission's jurisdiction.

37. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rules. This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

The Commission did not identify any significant alternatives to the proposed additions and amendments to the billing rules.

Additional Information

38. As required by MCL 24.245b(1)(c), please describe any instructions regarding the method of complying with the rules, if applicable.

No instructions are necessary. The proposed amendments and additions are self-explanatory.